

**CHAPTER 17****OFFSETTING RECEIPTS****1701 OVERVIEW**

170101. Purpose. The purpose of this chapter is to prescribe standard procedures for accounting and reporting offsetting receipts throughout the Department of Defense.

170102. General

A. Offsetting receipts are collections within the Department of Defense that result from proprietary or business like transactions (such as rents, sales of services and products, patent fees, sale of property, etc.) and from intragovernmental transactions (such as deposits between Federal and trust funds or payments within the same fund group). These collections are credited to general fund, special fund, or trust fund receipt accounts. Standard receipt accounts are prescribed by the Department of the Treasury in its Federal Account Symbols and Titles (FAST) book. Offsetting receipts are deposited with the Department of the Treasury using receipt accounts symbols and reported on the monthly Statement of Transactions (DD Form 1329).

B. Offsetting receipts are deducted from budget authority and outlays at agency (Component) levels. Actual offsetting receipts are reported on the monthly Report on Budget Execution (SF 133) and reported in budget submissions by DoD Components.

C. Receipts collected by DoD Components shall be classified according to (1) the source of the receipt, (2) the authority for the collection and the nature of the transaction, and (3) whether the receipt offsets agency (Component) or government-wide totals. Receipts also are classified into fund groups in accordance with the Treasury FAST book (i.e., general funds (0000-3799); clearing accounts (3800-3899); special funds (5000-5999); and trust funds (8000-8999)).

D. Most offsetting receipts are offset (deducted) against the function that contains the outlays which give rise to the receipts, i.e., the function of the account collecting the money. In such cases, these offsetting receipts are deducted before reaching functional budget authority or outlay totals and are referred to as “distributed” to the functions. However, there are several categories of offsetting receipts that cannot be offset properly against any specific function. These collections are deducted prior to calculating government-wide totals and are referred to as “undistributed offsetting receipts.” The three categories of offsetting receipts that are undistributed by function are:

1. The collection of amounts paid by federal agencies to federal employee retirement funds and Medicare.

2. Collections from the public of rents and royalties on the Outer Continental Shelf.

3. Collections from the public arising from the sale of major federal assets.

## 1702 GENERAL STANDARDS

170201. Contents of this chapter shall be used in addition to the accounting principles, standards, and procedures established in chapters 2, 16, and 19 of Volume 4, "Accounting Policy and Procedures;" chapter 4 of Volume 6, "Reporting Policy and Procedures;" and chapter 1 of Volume 12, "Special Accounts Policy and Procedures," of this Regulation.

170202. Budgeting standards for offsetting receipts are prescribed by the Office of Management and Budget (OMB) Circular No. A-11. Preparation of budget justification requirements are also prescribed in Chapter 11 of Volume 2, "Budget Formulation and Presentation," of this Regulation.

## 1703 ACCOUNTING AND REPORTING STANDARDS FOR OFFSETTING RECEIPTS

170301. Offsetting Receipts. Offsetting receipts within the Department are collections from the public that result from business-like transactions such as sales of property, rental fees or sales of services. These miscellaneous proprietary receipts are recorded using receipt account symbols prescribed by the Treasury FAST book. Offsetting receipt account symbols normally used within the Department are:

A. Account 1435. General fund proprietary interest, not otherwise classified. This account shall be used only for Defense civil functions. Account 1435 shall not be used for Defense military functions. Deposits of interest on loans, investments, and other equities shall be deposited in account 3210 to ensure that the Department receives credit for the offsetting receipt.

B. Account 1840. Proprietary receipts for rent of equipment and other personal property. This account shall be used exclusively by the Military Departments. Defense Agencies shall deposit rent receipts into Account 3210.

C. Account 2462. Proprietary receipts for survivor annuity benefits. This account shall be used exclusively by the Military Departments. Defense Agencies shall deposit receipts into Account 3210.

D. Account 2641. Proprietary receipts for the sale of ordinance material within the Department. All DoD Components may use this account.

E. Account 2651. Proprietary receipts for the sale of scrap and salvage materials within the Department. All DoD Components may use this account, but the Military Services must cite 972651.

F. Account 3019. Proprietary receipts for recoveries for government property lost or damaged, not otherwise classified. This account shall be used exclusively by the Military Departments. Defense Agencies shall deposit such recoveries into Account 3210.

G. Account 3041. Proprietary receipts for recoveries under the Foreign Military Sales Program. This account shall be used by all DoD Components. Receipts in this account shall be sub-categorized and reported to the OUSD(C) on the Report of Budget Execution (SF 133), in accordance with the guidance contained in chapter 4 of Volume 6, "Reporting Policy and Procedures," of this Regulation. The sub-categories are:

1. Nonrecurring Research, Development, Test and Evaluation (RDT&E) and production costs.
2. Sale of principal and/or major items from stock that do not require replacement.
3. Sale of excess stock fund and procurement of secondary items from stock.
4. Charges for unfunded civilian retirement costs.

H. Account 3210. General fund proprietary receipts, not otherwise classified. The Military Departments shall use this account for proprietary receipts not otherwise classified (as cited above). Defense Agencies shall use this account for proprietary receipts not allowed to be reported as indicated in the above accounts. Receipts in this account shall be maintained and reported for budget purposes in sub-categories as follows:

1. Freedom of Information Act charges.
2. Sales of surplus real property (excluding Account 2621).
3. Sales of materials, equipment, and other personal property (excluding Account 2641).
4. Interest on loans.
5. Repayment of loans.
6. Royalties on patents, trademarks, and copyrights.
7. Rent of real property.

8. Rent of equipment and other personal property (excluding Account 1840).

9. Sale of power and utilities.

10. For Defense Agencies:

a. Sale of publications and reproductions, not otherwise classified (similar to Account 2259).

b. Fees and other charges for communications and transportation services, not otherwise classified (similar to Account 2429).

c. Proceeds from sale of equipment and other personal property, not otherwise classified.

d. Recoveries for government property, lost or damaged, not otherwise classified (similar to Account 3019).

170302. Budget Clearing Account (Suspense). Offsetting receipts that are not readily classified into established categories shall be temporarily accounted for in Budget Clearing Account (suspense), F3875. All efforts shall be made to identify and record these receipts properly into the applicable categories listed above.

170303. Depositing Offsetting Receipts. All offsetting receipts shall be recorded immediately upon receipt and deposited with the Department of the Treasury as soon as practicable. Any delays in borrowing or deposit preclude use of the funds by the Treasury Department to benefit the U.S. Government through the avoidance of interest expense.

170304. Reporting Offsetting Receipts. Offsetting receipt amounts reported by DoD Components shall agree with the collections credited to receipt accounts maintained by the Department of the Treasury. Those DoD Components that prepare consolidated reports shall obtain the required information from applicable organizations and assure that the amounts reported are in agreement with balances reflected by the Department of the Treasury.

A. DD 1329 Report. Actual offsetting receipts shall be reported on a monthly basis using the DoD Statement of Transactions (DD Form 1329). The DD Form 1329 reports shall be submitted to the Director for Program and Financial Control, Office of the Deputy Comptroller (Program/Budget) (ODC(P/B), OUSD(C).

B. SF 133 Report. Procedures on monthly budget execution reporting are prescribed in chapter 4 of Volume 6, "Reporting Policy and Procedures," of this Regulation. These reports shall be submitted on a monthly basis to the Director for Program and Financial Control, ODC(P/B). Specific requirements are prescribed in chapter 4 of Volume 6 of this

Regulation. Offsetting receipt amounts reported on these reports shall equal the amounts reported on the monthly Statement of Transactions (DD Form 1329) and deposited with the U.S. Treasury.

1. A separate SF 133 report for each group of offsetting receipt accounts shall be submitted as part of the basic appropriation report. Separate SF 133 reports are required for Federal funds and trust funds under each of the functional groups: “Military Functions,” “Civil Functions” and “Military Assistance.”

2. Separate SF 133 reports are required within any of the foregoing groups in the event that the receipts consist of more than one of the following categories:

- a. Proprietary receipts from the public (P).
- b. Interfund receipts (ID).
- c. Federal intrafund receipts (IF) including those receipts in Budget Clearing Account (suspense), \*\*F3885.

170305. Proprietary and Budgetary General Ledgers. Offsetting receipts shall be recorded in the proprietary and budgetary general ledgers.

A. Chapter 9 of Volume 3, “Budget Execution,” and chapters 2, 16, and 19 of Volume 4, “Accounting Policy and Procedures,” of this Regulation prescribe the general ledger accounts to be used in recording offsetting receipts. Table 17-1, below, illustrates the entries used when recording offsetting receipts.

**ACCOUNTING ENTRIES FOR RECORDING OFFSETTING RECEIPTS**

1. Dr 1011 Funds Collected  
Cr 5910 Miscellaneous Reimbursements  
  
To record reimbursements collected as revenue.
2. Dr 5990 Contra Revenue-Collected for Others  
Cr 2411 Deposit Fund Liabilities  
  
To recognize the liability to miscellaneous receipts for reimbursements collected.
3. Dr 2411 Deposit Fund Liabilities  
Cr 1011 Funds Collected  
  
To record transfer of reimbursed amounts to miscellaneous receipts or other receipt accounts.

**Table 17-1**

B. Source documents for the general ledger entries include cash collection vouchers, sales slip, rental receipts, and journal vouchers.

**1704 USE OF ACCOUNTING DATA FOR BUDGET SUBMISSIONS**

170401. Budgeting requirements are established by OMB Circular No. A-11 and Volume 2, "Budget Formulation," of this Regulation.

170402. Offsetting receipts deposited in receipt accounts are deducted as offsets to outlays and against budget authority at subfunction and agency levels. For instance, subfunction 051, "Department of Defense, Military," is the level at which proprietary receipts from the public are deducted from the Department's budget authority and outlays in arriving at total DoD Federal Funds in the budget.

170403. The accuracy and timeliness of recording and reporting offsetting receipts are critical in the budget preparation process. Actual receipts for the prior year are reported in the budget submissions and are used as the basis for projecting estimates for the budget outyears.